



## **Executive Office for Administration and Finance Press Release**

**Contact: Alex Zaroulis – 617-680-2018**

For Immediate Release July 11, 2012

### **PATRICK-MURRAY ADMINISTRATION CELEBRATES FIRST YEAR OF MUNICIPAL HEALTH CARE REFORM**

*Landmark reform saves an estimated \$175 million in premium savings for 127 municipalities, school districts and employees in the first year*

BOSTON - Wednesday, July 11, 2012 – On the one-year anniversary of the landmark municipal health care reform law, Governor Deval Patrick announced today that more than 127 communities and school districts across the Commonwealth have collectively saved an estimated \$175 million in health insurance premiums.

"Massachusetts leads the nation in health care coverage, and working together we are lowering the cost of health care so it can be as affordable as it is accessible," said Governor Patrick. "With labor at the table, municipal health care reform has had a powerful and immediate impact on municipal finances across the Commonwealth, while maintaining quality, affordable health care for working families."

"The successful implementation of municipal health care reform has achieved real results and great savings for cities and towns across Massachusetts," said Lieutenant Governor Timothy Murray. "During tough fiscal times, our Administration has worked closely with cities and towns and public employee unions through this reform to help preserve essential local government jobs and services."

To date, more than 130 communities and school districts have scheduled or taken votes to adopt the optional law locally, with 77 completing the process and making changes to employee health plans or joining the Group Insurance Commission (GIC) resulting in more than \$78 million in employer and employee premium cost savings. Employers and employees share almost equally in the \$78 million in reform savings: 53% in employer net estimated savings after accounting for mitigation costs, and 47% in employee savings from premium reductions and mitigation benefits combined.

In addition, more than 50 communities have used the new law as leverage to negotiate health plan insurance changes with local unions without actually adopting the reform, yielding more than \$100 million in total premium savings for employers and employees in the first year.

Municipal health care reform is providing significant and immediate savings to cities and towns, while preserving a meaningful role for organized labor in the process and protecting health care quality for retirees and municipal employees. Cities and towns now have the choice of a new, expedited process to implement changes to existing local health care plan design or join the state's GIC. In the past year, 14 new communities have joined the GIC - eight using the new reform process and six negotiating outside of the reform process. The GIC now has 50 communities and school districts representing over 45,000 municipal subscribers.

"Municipal health care reform has changed the way cities and towns negotiate their health insurance plans and helped municipalities stem the rising costs of municipal health insurance to save jobs and deliver core local services like education and public safety," said Secretary of Administration and Finance Jay Gonzalez.

"As we mark the first anniversary of municipal health insurance reform, we recognize its success in providing economic relief to cities and towns while insuring quality, affordable health care for municipal workers and their families. This was achieved by meaningful partnership and cooperation between municipalities and public employee unions," said Secretary of Labor and Workforce Development Joanne F. Goldstein. "We can be proud that Massachusetts continues to be a state where parties can work out complicated situations and achieve the right balance for taxpayers, public employees and communities."

"I am so proud to hear that the municipal health care reform has saved 127 cities and towns nearly \$175 million," said House Speaker Robert A. DeLeo. "In these tough fiscal times, common sense reforms such as these are not only beneficial, but very much necessary. As Massachusetts looks to position itself for a brighter fiscal future, these saved monies will help small businesses and municipalities flourish."

"Thanks to the groundbreaking municipal health care agreement the City of Boston reached with union leaders last spring and the Commonwealth's meaningful municipal health reform law, the growth of healthcare costs in Boston will slow by more than \$70 million over four years," said Mayor Thomas Menino of Boston. "These important reforms not only make Massachusetts a leader in tackling the serious issue of rising health care costs, but will help keep more teachers in classrooms, more police officers and firefighters on our streets, and will allow us to continue to provide services that keep our neighborhoods clean and vibrant."

"Because of municipal health care reform the City of Salem has saved close to \$1.6 million in health care costs while still offering high quality health insurance options to our employees," said Mayor Kimberley Driscoll of Salem. "This savings has freed up money to maintain staffing and vital services. It has allowed us to invest additional resources in our schools, city infrastructure and in public safety."

"Changes in the health care law have resulted in direct savings of \$4.2 million during the first calendar year for the City of Medford. The projected savings over our six-year

contract will be in excess of \$20 million. The Patrick-Murray Administration and the Legislature have shown great leadership regarding this issue, which has helped preserve jobs for firefighters, police officers and teachers," said Medford Mayor Michael J. McGlynn.

"In addition to the savings for taxpayers, it is important to note that municipal employees are benefiting from this law – union jobs are being protected, employee premiums are lower, and communities are sharing a portion of the savings with employees who are heavy users of the health care system," said MMA President and Waltham City Councilor Robert Logan. "This is an outstanding reform that benefits everyone."

"Teachers and other public employees deserve a huge amount of credit for negotiating changes in their health insurance benefits that have led to substantial savings under the new municipal health insurance law," said President of the Massachusetts Teachers Association Paul Toner. "It is very important to us that the new system offers protections for retirees and for employees who have high out-of-pocket medical expenses."

"This is the most powerful reform law to benefit cities and towns in at least 30 years," said MMA Executive Director Geoffrey C. Beckwith. "The results of the past year demonstrate that municipal health insurance reform is a major success in every corner of Massachusetts, saving taxpayers millions of dollars and preserving essential local services. We again express our appreciation to all stakeholders who contributed to this victory and the legacy of success it will bring across the Commonwealth."